

**Preconditions for Signing
Bilateral Trade Agreements**

Submitted by

The Institution of Engineers Sri Lanka

20th February 2017

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Background

The Institution of Engineers Sri Lanka (IESL), directly influences Sri Lanka's engineering education and the profession. As a result, it has arguably the most influence to positively impact our economy. IESL was founded in 1906 and incorporated through an Act of Parliament in 1968 (amended in 1996 for the current name change). Currently IESL has around 14,000 registered members. Almost all engineers who graduated from state engineering faculties since 1950 must have been Members of IESL at some point. Currently, our state universities produce around 1,350 graduate engineers a year and have around 5,250 engineering undergraduates in the system. All those undergraduates are eligible for the Student membership of IESL. Moreover, IESL has a direct impact on them in their carrier as engineers as shown below.

IESL has the sole authority to award the highest professional engineering practitioner certificate in Sri Lanka, Chartered Engineer (C.Eng.) status. The key deliverables of IESL are:

- (1) conferring of Chartered Engineer status to qualified members,
- (2) conferring of International Professional Engineer status to qualified members,
- (3) periodic certification of four-year engineering degree awarding universities in Sri Lanka as "IESL Recognized" and if applicable "Washington Accord Accredited" which is the Global Standard of engineering education excellence,
- (4) periodic and timely contributions to government policy making apparatus.

All of the above and much more mean, IESL is an influential voice in the development of the country and a major player in the professional services sector. As a group of well-educated and up to date professionals, IESL knows the importance of bilateral trade agreements for the country's economic progress, especially the liberalization of the ever growing services sector. Majority of our members are globally exposed. They also work with many Foreign Service providers, locally as well internationally. We clearly understand the need for rapid transfer of appropriate technology to serve the world markets. Needless to say the importance of FDI, we have understood that WTO / GATS rules that Sri Lanka has signed up from their inceptions, provide us a rule based systematic approach to international trade.

However, a study of our legal system has shown us that:

1. Applicable laws are outdated in salient areas relevant to trade liberalization based on accepted global rules. Immigration, professional practice accreditation, salaries and wages, taxation, company registration, etc. are some of them
2. Lack of a "rolling" plan, systematically developed through professional consultation of all sectors, guiding the Nation on its international trade journey
3. Lack of timely and detailed information about the local work force, e.g. skills supply and demand, wages etc., to scientifically derive economic strategies to gain best results in sustainable and equitable economic growth with appropriate technology transfer from professional services liberalization.

If we as a nation embarks on an aggressive trade liberalization journey with respect to goods and services, without some pre-enactments and a timely plan to overcome the rest of the structural issues, there could be more damage than benefits to the Nation and its people due to such trade liberalization.

Therefore, while acknowledging the progressive steps taken by the Government to address those issues, the body IESL is placing its thoughts on immediate steps that should be taken to strengthen and introduce the applicable laws as a prerequisite to sign any bilateral agreements related to services.

Pre-conditions:

1. **System of Accreditation:** Foreign nationals intending to practice in Sri Lanka as "Engineering Practitioners" as defined in the Engineering Council bill (*gazette issued on 01. 08. 2016*) need to be checked for their expertise, qualifications and experience and the reasons for their employment in Sri Lanka. A temporary registration as a foreign engineering practitioner may be issued to such person only if he satisfies these and other conditions to be prescribed by the government. Engineering Council can be the responsible body in implementing this measure. We, the body IESL, urge the government, as the first step, to enact the Engineering Council under an act of parliament.
2. **Establish Need:** Any organization in Sri Lanka intending to recruit a foreign national should first try such recruitment locally and submit evidence of recruitment process with details as required to the competent authority.
3. **Authorized Employers:** A foreign national applying for a work visa should produce an employment offer letter from the host organization in Sri Lanka which must be a government agency or an entity incorporated in Sri Lanka.
4. **Competency Check:** IESL encourages technical transfer through engagement of foreign experts, especially if such expertise, skill or knowledge were not available among the local engineering practitioners registered in Sri Lanka. Checking competency of persons in the Engineering profession is a capability that IESL already has and will be mandatory by the Engineering Council.

5. **Incentives**: Any entity setting up Research and Development (R&D) units in Sri Lanka should be supported appropriately with special tax benefits to attract their technology transfer to Sri Lanka.

Other Concerns:

1. Percentage of Sri Lankan employee in any entity should be maintained at a high level and the minimum level has to be defined and regulated.
2. IESL welcome the formation of new companies with foreign investment, but strongly emphasize that Sri Lanka should also get large direct benefits in terms of new employment opportunities, and more importantly, from technology transfer.
3. Recruitment agencies providing manpower services from foreign countries should not be allowed to operate in Sri Lanka through any bi-lateral or BOI agreement or processes.
4. Provision should be made to track all foreigners during their stay in Sri Lanka.
5. Any foreign entity that comes to Sri Lanka under bi-lateral agreements should have a certain number of employees in the permanent payroll in their country.
6. Any opportunities for unqualified persons entering Sri Lanka and forming companies that will be detrimental to the local startup companies shall be prevented.

These can be defined emphatically in schedules and commitments in bi-lateral agreements.